

**BEFORE THE
ILLINOIS COMMERCE COMMISSION**

AT&T Communications of Illinois, Inc.,)	
TCG Illinois and TCG Chicago)	
)	
Petition for Arbitration of Interconnection)	Docket No. 03-0239
Rates, Terms and Conditions and Related)	
Arrangements With Illinois Bell Telephone)	
Company d/b/a SBC Illinois Pursuant to)	
Section 252(b) of the Telecommunications Act)	
of 1996)	

DIRECT TESTIMONY

OF HELEN WATKINS

ON BEHALF OF

SBC ILLINOIS

EXHIBIT 15.0

May 20, 2003

Handwritten:
SBC Ill. 03-0239
15.0
H. WATKINS
6-18-03

ISSUES
GT&C 2A, 2C, 4, 5, 7

1 **Q. PLEASE STATE YOUR NAME, EMPLOYER, TITLE, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Helen Watkins. I am employed by SBC/Southwestern Bell in the position of
4 Associate Director-Regulatory Support. My business address is Four Bell Plaza,
5 Floor 12, Dallas, Texas 75202.

6 **Q. BY WHOM ARE YOU EMPLOYED?**

7 A. I am employed by SBC.

8 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

9 A. I am responsible for researching, formulating and communicating SBC Illinois' and other
10 SBC ILECs' wholesale policy positions to state commissions in regulatory proceedings.
11 The primary responsibilities of SBC's Wholesale Marketing group are to develop and
12 manage wholesale products and services; to support negotiations of local interconnection
13 agreements; to participate in state arbitration proceedings under Section 252 of the
14 federal Telecommunications Act; and to guide the SBC incumbent local exchange
15 carriers' compliance with the federal Telecommunications Act and state laws.

16 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

17 A. I have a Bachelor of Arts Degree with a major in Interdisciplinary Studies from the
18 University of Texas at Dallas.

19 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

20 A. I have more than 25 years experience with SBC. During this time, I have held a variety
21 of management positions. For example, I served as team lead for the 13-state CLEC
22 training program, which involved developing, delivering and refining a curriculum of
23 Workshops and Operations Support System Classes. My 13-state level of involvement

includes activity that is applicable to Illinois. I have provided witness support for all 271 filings by the SBC ILECs related to CLEC training. I have also participated in PUC workshops and have conducted CLEC Education forums in all SBC regions. In addition, I designed and directed the development of a mechanized program and database that allows CLECs to register for training online via the CLEC Online Website. I have also served as Area Manager – Rates & Tariffs, with responsibility for developing and filing tariffs with the Texas Public Utility Commission as well as interpreting regulations and rate schedules associated with such tariffs. I have also served as the SWBT Area Manager-Administration for the Texas Exchange Carrier Association (“TECA”). I have served as both a Residence and Business Office Supervisor in the Customer Service Center. I have also served as an Instructor with responsibility for training retail Service Representatives and retail Business Office Supervisors.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of SBC Illinois

Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS?

A. Yes. I have filed written testimony and/or given live testimony before regulatory agencies in Texas, Illinois, California, Ohio, Indiana, Michigan and Nevada.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain and support SBC Illinois’ positions related to several unresolved issues regarding General Terms and Conditions (GT&C), specifically, issues 2A, 2C, 4, 5 and 7.

**ISSUE 2A: IS IT APPROPRIATE TO REPLACE A COMMERCIALY
REASONABLE CAPPED INDEMNIFICATION EXPOSURE WITH
NON-CAPPED DAMAGES WHEN SUCH UNLIMITED DAMAGES
WERE NOT FACTORED INTO SBC'S COST STUDIES UNDERLYING
THE UNEs AND SERVICES PROVIDED UNDER THIS AGREEMENT?**

(GT&C SECTION 1.7.1.2; 1.7.2.1)

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. In section 1.7.1.2 of the GT&C, the parties have agreed that, generally, each party's liability to the other for any loss arising out of the performance of the Agreement will not exceed the amount that was charged (or that would have been charged) for the affected services. The parties have also agreed in section 1.7.1.2 that this general rule will not apply in the case of "indemnity provisions expressly forth herein" or where otherwise expressly provided in a specific appendix or attachment to the Agreement.¹ AT&T, however, seeks to carve out two other exceptions to the general rule. Specifically, AT&T is proposing language for section 1.7.1.2 that would remove the liability cap in the case of

**2) obligations under the financial incentive or remedy provisions of
any service quality plan required by the FCC or the ICC , [or]**

**3) bill credit remedies and damages in connection with failure to
provide adequate carrier-to-carrier service quality or to meet the
carrier-to-carrier service quality standards (or "Performance
Measurements") as set forth in Article 32 to this Agreement,**

Q. WHAT IS SBC ILLINOIS' POSITION REGARDING THIS ISSUE?

A. Damage caps are important to prevent a carrier from recovering more than once for a single instance of conduct. SBC Illinois objects to AT&T's language to the extent that it

¹ If you look at the disputed contract language indicated by the use of bold font, you will see that the language that makes an exception where otherwise provided in a specific appendix or attachment appears to be disputed. In reality, however, it is not: Each party is proposing essentially the same language in that regard, but in different parts of section 1.7.1.2 and in slightly different language; as a result, the language is bolded, indicating a dispute, but there really is none.

could be interpreted to allow multiple remedies and more than one full measure of damages – performance measures, state quality plans and contract remedies. SBC Illinois proposes that performance measures should be exempted from the caps only to the extent provided by law and only as set forth by this Commission in the specific performance measures. AT&T's language appears to provide a blanket exemption for such plans, even where the law does not.

Q. AT&T WITNESS WEST CLAIMS (AT PAGE 11 OF HIS TESTIMONY) THAT WITHOUT AT&T'S LANGUAGE, "IF THE CAP HAS PREVIOUSLY BEEN REACHED FOR OTHER FAILURES ON THE PART OF SBC ILLINOIS, THEN ATTCI WOULD FAIL TO RECEIVE THE COMPENSATION IT IS ENTITLED TO FOR FURTHER SERVICE FAILURES BY SBC ILLINOIS." IS THAT CORRECT?

A. No. Mr. West is overlooking the agreed language in section 1.7.1.2 that says that the liability cap applies to "each Party's liability to the other Party *for any Loss* relating to or arising out of such Party's performance under this Agreement." As the language I have italicized makes clear, the cap applies to a *Loss*, not to all the losses a party might suffer over the entire course of the agreement. Thus, if AT&T suffers a loss on August 15, 2004, for which SBC Illinois is liable, previous liabilities that SBC Illinois may have incurred to AT&T during performance of the Agreement would not count against the cap for this August 15, 2004, loss.

Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?

A. The Commission should adopt SBC Illinois' proposed language.

**ISSUE 2C: SHOULD SBC'S LIABILITY TO AT&T EXCEED COMMERCIALY
REASONABLE DAMAGES AVAILABLE UNDER THIS AGREEMENT
BY ALSO INCLUDING REMEDIES BEYOND THOSE ALLOWED BY
APPLICABLE LAW BY ALLOWING MORE THAN 1 FULL RECOVERY
ON A CLAIM?**

(GTC SECTION 1.7.1.2; 1.7.2.1)

Q. WHAT IS YOUR UNDERSTANDING OF THIS ISSUE?

A. It is my understanding that AT&T proposes language that allows it to seek damages beyond those that are commercially reasonable and allowed by law.

Q. WHAT IS SBC ILLINOIS' POSITION REGARDING THIS ISSUE?

A. SBC Illinois objects to this language because AT&T is seeking damages exceeding those allowed by law. AT&T is seeking more than a full recovery for each claim such that AT&T would be unjustly enriched at the expense of all wholesale and retail customers. SBC does not currently price resale, UNEs and interconnection to account for AT&T's proposed unreasonable standard of over-recovery. If it were to do so, the prices for SBC's wholesale and retail services would be many times what they are today.

**ISSUE 4: WHEN AT&T ORDERS OUT OF A TARIFF, SHOULD AT&T BE
BOUND BY THE TERMS AND CONDITIONS OF THE TARIFF, OR
MAY IT PICK AND CHOOSE TERMS AND CONDITIONS FROM THE
ICA FOR SUCH TARIFF OFFERINGS?**

(GTC SECTION 1.1.1 and 1.30.2)

Q. WHAT IS YOUR UNDERSTANDING OF THIS ISSUE?

A. AT&T proposes language for GT&C section 1.30.2 that would allow AT&T to pick and choose between which rates, terms and conditions it wishes to use out of the tariff or the interconnection agreement. SBC Illinois opposes AT&T's language, and maintains that if a product or service is covered by the interconnection agreement, then AT&T must purchase that product or service under the terms and conditions to which the parties have

120 agreed – though AT&T can purchase out of tariff products or services that are not
121 covered by the interconnection agreement. SBC Illinois has proposed language for
122 GT&C sections 1.1.1 and 1.30.2 that reflect its position.

123
124 **Q. DOES YOUR TESTIMONY ADDRESS ALL ASPECTS OF THIS ISSUE?**

125 A. No. This issue is primarily legal in nature, and, with one minor exception, I do not
126 address the legal aspects of the issue.

127 **Q. WHAT IS THE EXCEPTION?**

128 A. AT&T's language provides that if AT&T takes a provision from a tariff, it will also take
129 all other terms and conditions of the tariff "that are inextricably linked" to that provision.
130 Apparently, AT&T recognizes that it would be absurd for it to take the position that it can
131 take an individual term or provision from a tariff without taking all the related terms and
132 conditions, so AT&T tries to give its position an appearance of reasonableness by saying
133 it will take related terms and conditions. But AT&T's proposal to take only "inextricably
134 linked" terms and conditions is outlandish. The term that the FCC used in its Rule
135 implementing section 252(i) of the 1996 Act – the section that AT&T claims is the model
136 for its position on this issue – is "legitimately related," not "inextricably related." That is,
137 the FCC has ruled that a carrier that adopts a UNE or an interconnection or a service from
138 an approved interconnection agreement must take all "legitimately related" provisions in
139 that agreement. AT&T is being patently unreasonable when it proposes to change this to
140 "inextricably related."

141 **Q. ARE YOU SAYING THAT SBC ILLINOIS WOULD ACCEPT AT&T'S**
142 **PROPOSAL IF AT&T CHANGED "INEXTRICABLY" TO "LEGITIMATELY"?**

143 A. Not at all. Even with that change, AT&T's proposal would still be unacceptable because
144 it would still improperly permit AT&T, having negotiated (or arbitrated) terms and
145 conditions for a service or product that is covered by the interconnection agreement to
146 substitute tariff terms for contract terms. I am simply pointing out that on top of
147 everything else, AT&T's use of "inextricably related" is inconsistent with what AT&T
148 claims it is doing - - namely, using section 252(i) as a model.

150 **Q. IS AT&T'S USE OF THE WORDS "INEXTRICABLY RELATED"**
151 **OBJECTIONABLE FOR ANY OTHER REASON?**

152 A. Yes. SBC Illinois volunteered before this Commission in Docket No. 01-0662 to offer a
153 contract amendment for "Common UNE Offerings." This amendment is part of the
154 process improvement associated with administering CLEC decisions to order out of the
155 contract or tariff. This amendment has been approved and contains language to the effect
156 that when any changes to tariffed rates, rate elements, and associated charges (including
157 rate structure changes) are accompanied by or are the result of applicable or legitimately
158 related modifications of the Common UNE Offering's UNE-P Component Tariff, then
159 the parties agree to amend the Agreement. The "Common UNE Offering" amendment as
160 approved by this Commission requires the Parties to amend the Agreement when changes
161 are the result of applicable or legitimately related modifications of the Common UNE
162 Offering's UNE-P Component Tariff. The same standard should apply to AT&T when it
163 chooses to purchases from SBC Illinois' tariffs, i.e. it should be bound by all legitimately
164 related terms and conditions of the specific offering in the tariff.

**ISSUE 5(a) SHOULD THE TELRIC RATES IN THE PRICING SCHEDULE BE
AUTOMATICALLY UPDATED WHEN THE RATES CHANGE BASED
UPON ICC OR FCC PROCEEDINGS AFFECTING WHOLESALE
PRICES, INCLUDING TARIFF REVISIONS, OR SHOULD AN
AMENDMENT BE REQUIRED TO INCORPORATE SUCH RATE
CHANGES?**

(GTC SECTION 1.30.4)

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. The disagreement is not complicated, and it has nothing to do with when changes to TELRIC prices will actually go into effect. The only disagreement is this: AT&T proposes that changes to TELRIC prices go into effect automatically and *not* be documented by an amendment to the interconnection agreement. SBC Illinois agrees that there should be no delay in giving effect to changes to TELRIC prices, but that such changes should be memorialized in an amendment to the interconnection agreement or to the pricing schedule in the agreement.

Q. WHAT DIFFERENCE DOES IT MAKE?

A. It is a simple matter of good record-keeping. To the extent possible, one should be able to look at the agreement at any moment in time and find the current terms, conditions and rates under which the parties are doing business. If there is a change in pricing, that change should be reflected in the agreement. In addition, an audit trail should be created whenever rates change, and the simplest way to provide such a trail is by means of a contract amendment. That way, if a disagreement arises in, say, September of 2005 concerning billings for the period from November, 2004, through March, 2005, one has to look only at the contract documents, including the amendments, to determine what prices were in effect at what times.

**ISSUE 7: SHOULD CLEC'S BE RESPONSIBLE FOR THE COST ASSOCIATED
WITH CHANGING THEIR RECORDS IN SBC ILLINOIS' SYSTEMS
WHEN CLEC'S ENTER INTO A MERGER, ASSIGNMENT,
TRANSITION, ETC. AGREEMENT WITH ANOTHER CLEC?**

(GTC SECTION 1.47.1)

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. AT&T contends that for the purposes of establishing service and providing efficient and consolidated billing to AT&T, AT&T should be responsible only for providing the ordering codes and billing codes when submitting orders, and that it should not be responsible for any service order costs associated with changing its Operating Company Number (OCA)/Access Customer Name Abbreviation (ACNA).

Q. WHAT IS SBC ILLINOIS' POSITION ON THIS ISSUE?

A. SBC Illinois' position is that CLECs must be responsible for the costs associated with implementing any assignments, transfers, mergers, acquisitions or any other corporate change. SBC proposes to add the following language to which AT&T objects:

CLEC is responsible for costs of implementing any changes to its OCN/ACNA

whether or not it involves a merger, consolidation, assignment or transfer of assets.

Q. HAS THIS LANGUAGE OR SIMILAR LANGUAGE BEEN APPROVED BY ANY OTHER COMMISSION AND EXISTS IN AT&T'S AGREEMENT IN ANY OTHER STATE?

A. Yes. Similar language was approved by the Texas Commission and currently appears in AT&T's Texas agreement.

Q. WHY SHOULD AT&T BE RESPONSIBLE FOR THE COSTS ASSOCIATED WITH CHANGING ITS OCN/ACNA?

A. ACNAs and OCNs which are assigned by industry agencies such as Telcordia and NECA appear on each End User account and/or circuit. These codes are used in all ILEC directory databases, network databases (LMOS, TIRKS, INAC, RCMAC, etc.) and

218 billing systems to identify inventory and appropriately bill the services provisioned on
219 each service order.

220 Any change to a company code requires service order activity on each and every
221 end user account and circuit in order to update the multitude of systems. One can
222 imagine that such a change could result in the issuance of hundreds of service orders on
223 some accounts.

224 Not only are these company codes utilized within the ILEC but throughout the
225 industry in such databases as LERG, which allows the industry as a whole to properly bill
226 routed calls, (terminating and originating).

227 **Q. GIVEN THAT THE COMPANY CODES APPEAR ON EACH AND EVERY END**
228 **USER ACCOUNT AND CIRCUIT, IS THIS MORE THAN JUST A MATTER OF**
229 **ISSUING A RECORDS ORDER TO UPDATE SBC ILLINOIS' RECORDS?**

230 **A.** Absolutely. All appropriate databases and downstream systems must be updated to
231 ensure accurate billing to the end user. Further, as previously mentioned, these company
232 codes are utilized throughout the industry to ensure billing integrity on routed calls.

233 **Q. CAN YOU THINK OF A SIMILAR SCENARIO WHERE A CHANGE IN THE**
234 **COMPANY CODE REQUIRES THE ISSUANCE OF A SERVICE ORDER FOR**
235 **WHICH CLECS ARE CHARGED?**

236 **A.** Yes. When a company code change is associated with a transfer of assets, it is no
237 different than a CLEC to CLEC migration which requires a service order to be submitted
238 by the winning Carrier. In this instance the CLEC is responsible for the cost to issue the
239 service order.

240 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

241 **A.** The commission should approve SBC Illinois' proposed language.

242 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

243 **A.** Yes.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

AT&T Communications of Illinois, Inc.
TCG Illinois and TCG Chicago

Petition for Arbitration of Interconnection Rates,
Terms and Conditions and Related Arrangements
With Illinois Bell Telephone Company d/b/a
SBC Illinois Pursuant to Section 252(b)
of the Telecommunications Act of 1996

Docket No. 03-0239

VERIFICATION

Helen Watkins, being first duly sworn on oath, deposes and states the following:

1. I am the Associate Director – Regulatory Support for SBC.
2. The facts set forth and statements made in my foregoing Direct and Rebuttal

Testimony are true and correct to the best of my knowledge, information and belief.

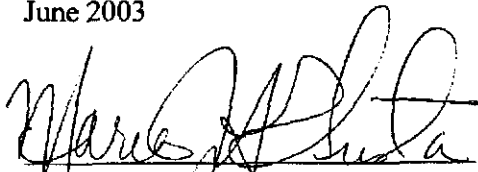
3. Further affiant saith not.



Helen Watkins

STATE OF TEXAS
COUNTY OF DALLAS

Subscribed and sworn to
before me, this 13th day of
June 2003


Notary Public

